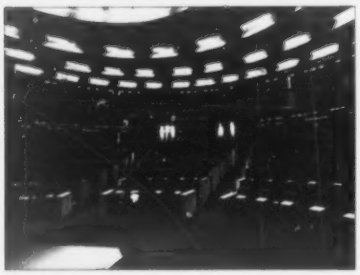
SALES & MARKETING
MANAGEMENT

NOVEMBER 1991
A BILL PUBLICATION
FOUR DOLLARS

MEETINGS



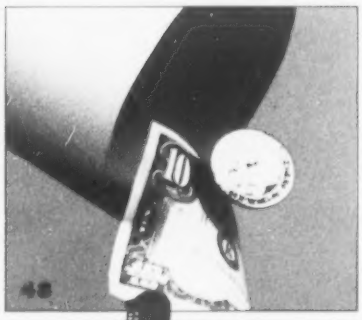
WHAT
THE CASE FOR CONFERENCE CENTERS

WHERE
EETING IN CANADA AND MEXICO

HOW
HOSTING A BUSINESS BASH

NOVEMBER 1991
A BILL PUBLICATION
ESTABLISHED 1918

SALES & MARKETING MANAGEMENT



FEATURES

48 **EXECUTIVE PAY: A BITTER PILL**
This year's smaller increases may be hard for some sales and marketing execs to swallow, but they're still doing better than most compensation-related casualties.

58 **MARKETERS GO BACK TO SCHOOL**
Schools can be great places to build lifelong customers—or enemies. It all depends on how good a marketer you are.

68 **POWER SELLING '91: A FANTASTIC FIRST**
A look back at this year's inaugural event at Chicago's Hyatt Regency.

71 **HOW TO SELL IN WRITING**
Here's a skill more salespeople need to learn: How to transfer their face-to-face selling abilities into writing.

78 **LOOKING OUT FOR SALES LEAKAGE**
Stem the tide of sales leaks by searching out these seven common causes of market share shrinkage.

SPECIAL SUPPLEMENT—MEETINGS

90 **MEETING IN CANADA AND MEXICO**
If you can get past the horror stories, you might just find some meeting bargains with our neighbors to the north and south.

101 **THE CASE FOR CONFERENCE CENTERS**
When the meeting is all that matters, a dedicated conference center may be just the place to meet.

109 **HOW TO HOST A BUSINESS BASH**
Throwing a successful party is no piece of cake. In fact, it's all business.

DEPARTMENTS

5 THE RACE
6 LETTERS
10 SALES FORCE MANAGEMENT
16 TRAVELERS' NETWORK
24 YOU SAID IT
29 SHORT TAKES
116 COMPUTERS
118 BOOK FINDS
121 HIRING & TRAINING
124 BUSINESS ETIQUETTE
125 TRADE SHOWS
127 SALES TOOLS
130 OFFBEAT MARKETING
131 SALES MART
134 AD INDEX
135 WORTH WRITING FOR

SALES & MARKETING MANAGEMENT

EDITOR: Richard P. Kern

MANAGING EDITOR: William Keenan Jr.
EXECUTIVE EDITOR: Louise I. Driben
GENERAL EDITOR: Martin Everett
COPY EDITOR: Wendy Svanoe
SENIOR EDITORS: Thayer C. Taylor, Arthur Bragg, Bill Kelley
SENIOR ASSOCIATE EDITORS: Richard Szathmary, Bristol Voss, Betsy Wiesendanger
ASSOCIATE EDITORS: Melissa Campanelli, Kerry Rottenberger
ASSISTANT EDITOR: Pearl Reid

ART DIRECTOR: Charles P. Doherty
ASSOCIATE ART DIRECTOR: Michael Dumycz
PRODUCTION EDITOR: Dorothy McFeely

CONTRIBUTING EDITORS: Afterthoughts, Mauri Edwards; Business Etiquette, Ann Marie Sabath; Cooperative Advertising, Ed Crimmins; Market Analysis, Edward J. Spar; Meetings, Homer Smith; Motivation, Thomas L. Quick; Sales Force Management, Jack Falvey; Travelers' Network, Gerald A. Michaelson

PUBLISHER: Howard M. Neibart

PRODUCTION MANAGER: Joann De Palma
ADVERTISING PRODUCTION MANAGER: Rosann Virgili
MARKETING DIRECTOR: Marilyn Rosen
CONTROLLER: Joseph J. Furey

ADVERTISING: 212-986-4800, x2254
SUBSCRIPTIONS: 215-630-1549
SURVEYS; CATALOG PRODUCTS: 800-253-6708
SINGLE REPRINTS: 313-761-4700
MULTIPLE REPRINTS: 201-423-3600
PERMISSIONS; ARTICLE SEARCH: 212-984-2400
BACK ISSUES: 212-984-2397

VOL. 143, NO. 14 *Sales & Marketing Management* ISSN 0163-7517 is published monthly except in June, August, and October, when it is published twice a month, by Bill Communications Inc., 633 Third Avenue, New York, NY 10017. Canadian Post International Publications Mail (Canadian Distribution) Sales Agreement No. 546275. Telephone: 212-986-4800. Copyright 1991 by Bill Communications, Inc. All rights reserved. Subscriptions in the U.S. and its possessions, $48. Canada, $62 (U.S.). Foreign, $77 (U.S.). Allow 4 to 6 weeks for first issue to arrive. Second Class Postage paid at Strasburg, Va. Postmaster: Send address corrections to *Sales & Marketing Management*, Subscription Service Department, P.O. Box 1025, South Eastern PA 19398-9975. Member of the Business Publications Audit of Circulations and member of the Association of Business Publishers.

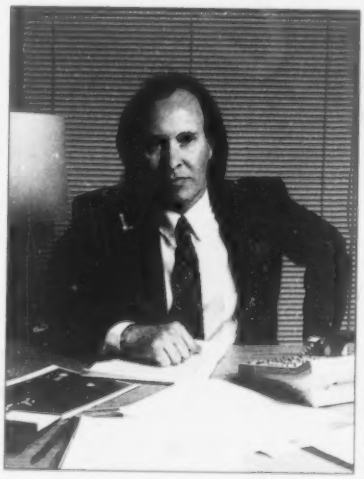
Authorization to photocopy items for internal or personal use, or the internal personal use of specific clients, is granted by *Sales & Marketing Management* for libraries and other users registered with the Copyright Clearance Center (CCC) Transactional Reporting Service, provided that the base fee of $3 per copy is paid directly to CCC, 21 Congress St., Salem, MA 01970. (0273-9313/81 $3). This permission does not apply to the annual *Sales Manager's Budget Planner*, *Survey of Buying Power*, or *Survey of Media Markets* issues, nor does it extend to other kinds of copying, such as for general distribution, resale, advertising/promotional purposes, or creating new collective works. Special requests should be addressed to Kerry Rottenberger at *Sales & Marketing Management*.

U.S.A. Newsstand Distribution by Eastern News Distributors, Inc., 1130 Cleveland Road, Sandusky, OH 44870.

ABP BPA

THE RACE

MEETING: THE CHALLENGE



The subject this month is meetings. We all go to them—dozens over the course of a year in all their various forms and functions. Internal staff meetings; management seminars; conferences; sales meetings; budget confabs; strategic planning sessions; monthly organizational meetings. Some good, some bad. Some in the office, others in faraway cities. And, in fact, a lot of us may feel we spend way too much time in meetings and not enough doing our jobs—except that for most managers, meetings are a fundamental part of that job.

This being the case, the question then becomes: How do we make the most effective use of this time? How can we be sure that all the effort, expense, and occasional aggravation produce the desired result?

One way, of course, is to see to it that form follows function, because, like any good business venture, a meeting needs to be meticulously planned in order to be successful. Basically, this means knowing what you want to accomplish before getting down to specifics like content, scheduling, and booking space. Once you've put together a proper plan, the rest should be relatively easy. Of course, the reason it often isn't is because most managers aren't particularly adept at meeting planning. Meeting *attending* maybe, but not meeting planning.

Which is precisely why every year we devote an entire Special Supplement to this subject, in the hope that we can provide some food for thought to those of you who might occasionally wonder whether your own meetings are as well-planned and well-executed as they should be—or could be. Whether you're getting your money's worth. Whether you're neglecting important details. Or, for that matter, whether you're even meeting in the right place at the right time.

With productivity and quality getting all the press and prominence these days, it seems odd that meetings are often viewed as less important than other fundamentals like training, recruiting, or motivating. Given all the time we spend in meetings, you'd think managers would pay them more heed. The sad truth, however, is that most people are unaware of just how big an impact a really good meeting—or a really bad one—can have on an organization. And that needs to change.

But where do we start? Well, for one thing, managers need to get more involved, and that means getting educated. Turning the planning process over to a subordinate may seem like a good idea—particularly with everything else that occupies your day—but when was the last time you let a secretary or office manager hire your salespeople or run an incentive program? Chances are you view these areas as far too important to delegate, at least initially, and the same thing is true—or should be—when it comes to meetings.

So at the risk of adding even more to your already jampacked schedules, I urge you to consider this often overlooked and underappreciated aspect of managing. The lesson begins on page 90.

Richard P. Kern
Editor

EXECUTIVE PAY: A BITTER PILL

This year's smaller increases may be hard for some sales and marketing execs to swallow, but they're still doing better than most compensation-related casualties.

BY WILLIAM KEENAN JR., MANAGING EDITOR

What went wrong? That's the question many executives—including many sales and marketing executives—must be asking themselves as they look at their compensation gains this year. While Operation Desert Storm may have been a victory for American troops and technology, it didn't provide the subsequent economic boost many companies were counting on to help them outmaneuver the recession. Even in the afterglow of the rockets' red glare, business remained—and still remains—off for many companies, and one of the many areas that's been affected by this downturn is that of executive pay.

According to a national survey of sales and marketing executive compensation prepared for *S&MM* by Sibson & Co., a Princeton, N.J., management and compensation consulting firm, total compensation for all sales and marketing executives rose by a discouragingly low 6.3% this year. That's the smallest gain since 1986, when executives posted a mere 6.1% increase. Last year, sales and marketing executives recorded overall gains amounting to 9.2%, which mirrored the average increase for the four-year period between 1986 and 1990 (see Table 1).

"Blame it on Saddam," says Mark Blessington, Sibson's national practice leader for sales compensation, although in reality the blame should actually be placed on a sputtering recovery from a recession that lingered in spite of the Desert Storm victories. "There was a hope for a more robust recovery that just never materialized," says Blessington.

As a result, sales and marketing executives not only felt the pressure of the Gulf war but also of undervalued stock prices, staff reductions, an inability to firm up pricing, and a variety of other problems that contributed to keeping compensation gains at historically low levels.

On the other hand, this year's survey results—which cover 168 companies with sales ranging from $11 million to $20 billion—put compensation gains for sales and marketing execs more in line with those for other executive positions. Looking at the results by job title (Table 2), we see that top marketing executives posted compensation gains of 6.9% this year, matching the gains earned by chief financial officers. Top sales executives and executives boasting both sales *and* marketing in their titles each recorded 6.1% increases, just a shade under the 6.3% gain posted by CEOs. Top manufacturing executives, with only a 3.9% increase over 1990, once again trail the executive pay pack.

In real numbers, overall executive compensation in sales and marketing for 1991 looks like this: Top sales and marketing executives earned a median base pay of $144,500 and median *total* compensation of $180,000; top sales executives, $130,000 and $179,000; and top marketing executives, $110,300 and $143,800, respectively.

A QUESTION OF EQUITY

Obviously, rank and file employees—and even middle management employees—aren't going to feel too much sympathy for the pinch on executive pay. "The typical increase seen by a salaried employee over the last few years has been in the four to five percent range," says Blessington, adding that "what we're seeing is more and more equitability across the board. With everything out of whack, it's just that much more difficult, come proxy time, to justify big increases in executive compensation. It just gets too much attention."

Fear of that attention—and the potential stockholder backlash—contributes to the downward pressure on compensation for executives, although Blessington feels that it's an "appropriate" pressure. "Executive compensation increases at six percent," he says, "are just where they should be, considering the economy, market value performance, and compensation gains for lower-level employees."

Perhaps less equitable is the fact that what gains there were for sales and marketing executives came primarily in the form of base salary increases—7.4%, compared to only 6.4% for all executives (Table 3). "That's to compensate for the hit against incentives," Blessington says, "and it's what you'd expect in an economy that's down."

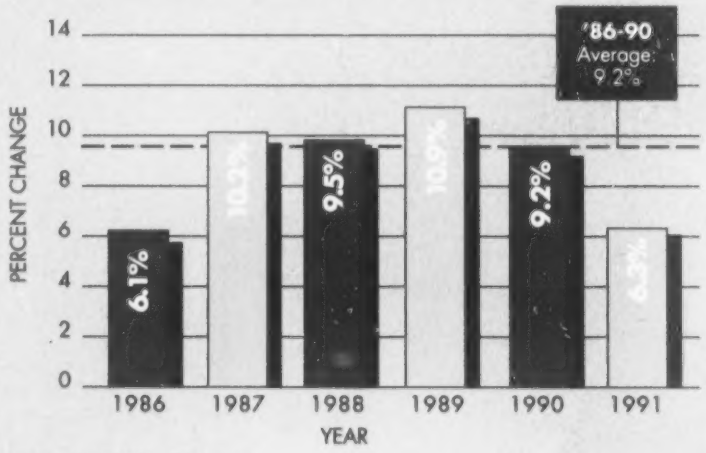
Thus, while "pay for performance" is still a goal of many executive compensation plans, in cases where performance is down significantly—particularly for reasons beyond most executives' control—some companies still feel compelled to make up at least part of the difference. Naturally, this has a more significant impact on those executives on the lower end of the executive pay scale—or in Blessington's words, "on the executive who pays his property taxes out of his annual bonus." This is particularly important, in view of the fact that the long-term portion of most executives' compensation plans will also be down this year. ►

FPG INTERNATIONAL/MICHEAL SIMPSON

Table 1

Total Compensation Gains 1986-91

TOP SALES & MARKETING EXECUTIVES



SOURCE, ALL TABLES: Sibson & Co.

SIZING UP PAYCHECKS

Looking strictly at pay increases for sales and marketing executives (top marketing executives, top sales executives, and top sales *and* marketing executives), we see fairly typical distribution patterns. Across all company/size categories, top sales *and* marketing executives weigh in as the top wage earners (Tables 4 and 5), with their total compensation ranging from $132,000 at companies with $100 million in sales to $266,000 at companies with $2.5 billion in sales.

Top sales executives are next, with total compensation ranging from $121,000 to $215,000 as company revenues increase, followed by top marketing executives, posting total compensation figures that range between $88,000 and $190,000.

However, there's a great difference in how much of that total compensation is leveraged—coming in the form of annual bonuses—for each of these respective job title categories. Interestingly, while the greatest percentage of "pay at risk" is posted by top sales and marketing executives at $2.5 billion companies—27.4% of total compensation—the second greatest percentage is among top sales executives on the *lower* end of the revenue scale—26.1% at companies with $100 million in revenues. In fact, pay at risk for top sales executives exceeds 20%, regardless of company size; for top marketing executives, that figure reaches 20% only at the highest end of the revenue scale.

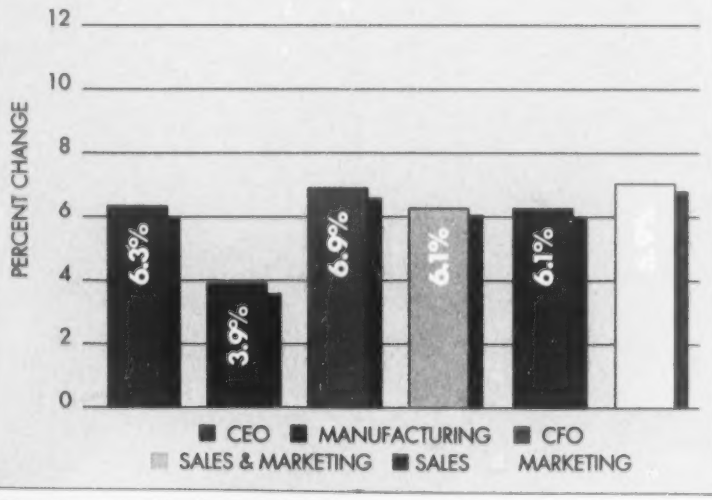
The percentage of pay at risk for sales and marketing executives has crept up steadily in recent years, though it still falls short of some other executive titles. By contrast, pay at risk for CEOs ranges from 25% to 35%—and more in some cases. The difference is that while other executives' pay may be more highly leveraged, it may not be as subject to the vicissitudes of company performance, and thus is not truly "at risk."

Annual bonuses based on pay for performance targets are still a goal of many executive compensation plans, says Blessington, but companies are reluctant to penalize executives for corporate performance that results from factors outside the typical executive's control. So while he admits that "the notion of pay for performance is embedded in sales and revenue targets for virtually every company," Blessington notes that the effects are more obvious when corporate performance is swinging up than when it's stagnant or plunging downward.

Similarly, while market value is still an important factor in most executive compensation plans—and while market value figures have fallen off dramatically for many firms in the Sibson survey—there won't be a direct correlation to annual compensation levels, except to the extent that the falloff in corporate performance overall has resulted in a general "flattening of the up and down or 'corrugated' compensation pattern we've seen over the past few years."

Table 2

Change in Total Compensation 1990-91



WHAT WILL DRIVE EXECUTIVE PAY?

Looking ahead to a narrower range of pay hikes imposed upon them by a sluggish economy, what factors can sales and marketing executives focus on to improve the performance of their people and contribute in some way to the corporate bottom line? The answer, in a word, is "productivity."

The cost of selling is continuing to

grow at a faster rate than that of sales overall, and the imbalance is more often than not being reflected in the bottom line. The slowdown in the rate of mergers and acquisitions among the companies covered in the Sibson survey has meant that fewer companies can "merge two sales forces to drive up productivity," says Blessington. This leaves sales and marketing executives—and sales executives in particular—looking for other ways to increase productivity. And while they may not be as dramatic and immediate as going the "merge/purge/surge" route, many of these strategies will have a longer-lasting effect on productivity overall.

Technological tools like laptops and cellular phones, for example, may stimulate some advances in productivity, but Blessington says that the more important gains will have to come from more efficient management of sales resources (including telemarketing and direct marketing), improved recruitment and training efforts, and continued efforts to link compensation to sales profitability.

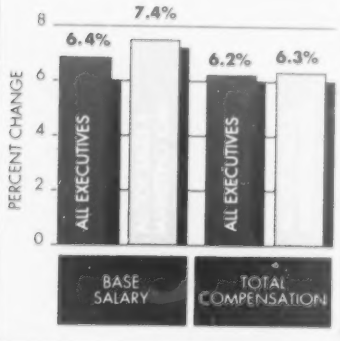
Other areas that Blessington proposes as targets for productivity improvements include bringing new products to market, improving profit margins by effecting greater perceived value for products and services, improved pricing and sales negotiating skills, and extracting greater value from customer service efforts.

Of these, customer service has probably drawn the most attention as

Table 3

Increases in Compensation 1990-91

ALL EXECUTIVES VS. TOP SALES AND MARKETING EXECUTIVES



S&MM Salary Sampler

While "pay for performance" may be the ostensible goal of most companies' executive compensation programs, the reality, according to this year's *Sales & Marketing Management* Salary Sampler, appears that, on a case-by-case basis, there isn't always a direct relationship between corporate performance and individual compensation levels. For instance, despite the fact that the majority of companies included in this year's sampler showed no change or a decline in profits (recognizing that year-to-year profitability, however significant, is not the only factor influencing a company's market performance), the average compensation in three of the four revenue categories in this year's compilation increased.

REVENUES	1989 AVERAGE COMPENSATION	1990 AVERAGE COMPENSATION
$1 billion and more	$436,033	$440,868
$500 million to $1 billion	273,562	259,052
$100 million to $500 million	170,100	175,713
Less than $100 million	122,208	134,733

Looking at the eight individuals among the 10 highest earners who also appeared on last year's list, for instance, five of their companies showed a decline in earnings for the period from 1989 to 1990, yet not one executive in that same group showed a decline in his or her level of compensation. In fact, at the very top of this year's list, Robert A. Bardagy of Comdisco saw his compensation increase by 17.8% while his company's earnings declined by 12%, and Wayland R. Hicks of Xerox scored a 21.8% increase in earnings at the same time the office equipment manufacturer posted a 65% decline in earnings.

The biggest gainer overall of the 64 individuals whose names also appeared on our salary sampler last year is Richard C. Myers of Hutchinson Technology (whose company eked out a $5 million profit on $122 million in revenue in 1990 after showing a loss in 1989): Myers posted a 40.6% gain in his earnings. Other big winners include Vance D. Bell of Shaw Industries, whose compensation advanced by 30.4%, and Barry A. Shier of Golden Nugget, who posted a 25.7% gain.

Not everyone got off so luckily. On the downside there were 17 among those 64 repeaters who came up short in terms of compensation, 13 of whose companies also saw losses or declines in earnings. Some of the biggest hits were taken by James E. Powers of Handleman Co., whose compensation fell off 38.7% between 1989 and 1990; Clark Prestia of DH Technology, whose earnings declined by 28.4%; and Ralph W. Polce of L.A. Gear, who saw a 27.2% falloff in compensation.

While the particulars of this year's sampler may not jive easily with our notions of equitability and pay for performance, when all the pluses and minuses are added together, the average change in compensation for the individuals who also appeared in last year's list amounts to an increase of only 6.2%—right in line with the trend suggested by the Sibson Survey.

What this suggests is that—generally speaking, at any rate—the long-term compensation vehicles available to top executives at many public firms aren't helping to cushion the effects of the recession and its attendant impact on individual earnings—except, of course, for those at the top of the compensation heap.

NAME & TITLE	COMPANY/INDUSTRY	1990 SALES (MIL.)	1990 NET (MIL.)	% CHANGE ('89-'90) PROFIT	COMPENSATION
Robert A. Bardogy, exec. v.p./pres., mktg.	Comdisco, *computers*	$1,935	$95	(12%)	**$1,650,000**
Wayland R. Hicks, exec. v.p., mktg. & cust. oper.	Xerox Corp., *office equipment*	17,973	243	(65)	**755,492**
C. Fred Rice, dir./sr. exec. v.p., mktg. & real estate	I.C.H. Corp., *insurance*	1,446	(415)	*	**700,476**
James Doughan, exec. v.p., containerboard & kraft paper mktg. & sales/pres., Stone Container Int'l	Stone Container Corp., *containers, paper products*	5,756	95	(67)	**643,480**
Roderick L. Turner, sr. exec. v.p., specialty mktg.	Colgate Palmolive Co., *consumer products*	5,691	321	15	**601,833**
Cathleen P. Black, exec v.p., mktg./pub., *USA Today*	Gannett Co., *publishing*	3,442	377	(5)	**600,000**
Robert H. Dickinson, sr. v.p., sales & mktg.	Carnival Cruise Lines, *cruise ships*	1,391	206	6	**593,000**
Vance D. Bell, v.p., mktg.	Shaw Industries, *carpets*	1,475	65	35	**586,444**
Barry A. Shier, exec. v.p., mktg. & hotel oper.	Golden Nugget, *casinos, hotels & restaurants*	909	30	*	**475,000**
Alan R. Schlesinger, exec. v.p., merch./mktg. dir.	Ross Stores, *retail*	741	30	14	**463,248**
Robert G. Avis, vice chmn./dir., sales & mktg. div.	A.G. Edwards, *securities, commod.*	607	59	69	**455,849**
Donald Wray, sr. v.p., sales & mktg.	Tyson Foods, *poultry and food products*	3,825	120	19	**444,215**
F. Joseph Backer, sr. v.p., sales & mktg.	BMC Software, *systems software*	93	20	67	**440,218**
Herbert J. Richman, vice chmn./exec. v.p., int'l sales & svcs.	Data General Corp., *computer systems*	1,216	(140)	*	**435,000**
Melvin Larson, exec. v.p., mktg.	Circus, Circus Enterprises, *hotel & casino oper.*	522	75	(7)	**426,006**
William R. Fields, exec. v.p., merch. & sales	Wal-Mart Stores, *retail*	25,811	1,076	29	**425,000**
Norman A. Meyers, vice chmn./chief mktg. officer & dir.	Browning-Ferris Industries, *waste disposal*	2,967	(45)	(117)	**418,100**
Ralph W. Polce, v.p., sales	L.A. Gear, *footwear*	902	31	(44)	**368,796**
Randall Malin, exec v.p./exec. v.p., mktg., USAir	USAir Group, *airlines*	6,559	(454)	*	**353,077**
John M. Barbera, v.p., broadcast sales	Turner Broadcasting System, *TV broadcasting*	1,394	5	*	**339,377**
Jeffrey Noddle, sr. v.p., mktg.	Super Valu Stores, *wholesale food products*	11,136	148	8	**337,416**
Ronald O. Cox, group v.p., mktg.	William Wrigley, Jr. Co., *confections*	1,111	117	11	**333,997**
Stephen J. Zelencik, sr. v.p. & chief mktg. exec.	Advanced Micro Devices, *semiconductors, electronic components*	1,059	(54)	(216)	**327,609**
Robert W. Burdick, sr. v.p., mktg.	Yellow Freight System of Delaware, *motor carrier*	2,302	65	37	**326,844**
Phillip M. Satow, exec. v.p., mktg.	Forest Laboratories, *pharmaceuticals*	149	30	27	**322,500**
William D. Herd, sr. v.p., sales & mktg.	Bandag Corp., *rubber products*	596	79	4	**315,738**
Kent W. Freudenberger, exec. v.p., mktg. div.	Airborne Freight, *air freight*	1,182	31	63	**308,035**
Douglas H. Newman, v.p., sales & mktg.	Analog Devices, *digital & data equipment*	485	(13)	(146)	**279,594**
Daniel T. Riordan, sr. v.p., sales	Snap-On Tools Corp., *hardware*	931	101	(4)	**267,875**
Jay Kahan, sr. v.p., sales	Tyco Toys, *toys, telephones*	461	3	(81)	**265,277**
Boyd E. Christenberry, exec. v.p. mktg., Alfa Insurance Group	Alfa Corp., *insurance, real estate*	212	23	**	**258,685**
W. Roger Curry, dir., corp. mktg.	Consolidated Freightways, *transportation*	4,209	(41)	(438)	**258,224**
John J. Parente, v.p., form sales	Standard Register, *publishing*	716	22	(45)	**256,847**
A. W. O'Donnell, sr. v.p./group exec., mktg.	Diamond Shamrock, *petroleum refining, gasoline & auto products*	2,708	78	(176)	**254,670**
Robert J. Cronin, v.p., sales	Wallace Computer Services, *computers*	449	40	7	**248,529**
Patrick H. Norton, sr. v.p., sales & mktg./dir.	La-Z-Boy Chair Corp., *upholstered furniture*	592	28	3	**248,410**
Paul R. Dawson, v.p., sales & mktg.	Amgen, *therapeutic/diagnostic agents*	190	19	*	**248,082**
Terry Haines, v.p., N.A. sales	A. Schulman, *plastic resins*	679	36	17	**244,792**
Branko M. Beronja, v.p., N.A. sales	Snap-On Tools Corp., *hardware*	932	101	(4)	**213,257**
W. Anthony Huffman, v.p., mktg.	Huffy Corp., *bicycles, basketball equip., juvenile products*	517	18	20	**211,417**
John D. Reier, sr. v.p., merch. & adv.	Family Dollar Stores, *retail*	874	29	34	**209,455**
Jerry Don Gattis, sr. v.p., processing & mktg.	Cagles, *poultry products*	193	2	(60)	**205,715**
James H.J. Hughes III, v.p., sales	Conesco Industries Ltd., *concrete forming equipment*	7,680	305	(22)	**203,774**
John E. Chis, v.p., N.A. sales	Telxon Corp., *computing systems*	143	(25.2)	(209)	**201,083**
Robert W. Wysocki, sr. v.p., western region	Fretter, *retail*	225	3	200	**200,550**
Joseph H. Berney, vice chmn./dir. of sales	National Presto Industries, *appliances*	127	29	**	**200,000**
John B. Lindsay, v.p., sales & mktg.	Franklin Electric Co., *electric motors, gearmotors*	179	12	9	**199,666**
Jack D. Wolf, exec. v.p./pres., Targetbase Mktg.	The M/A/R/C Group, *marketing information services*	73	3	**	**184,360**
Paul J. Trausch, sr. v.p., sales & mktg.	Duplex Products, *business forms*	298	10	(33)	**184,133**
Donald L. McDougall, v.p., mktg., sales & svc.	Floating Point Systems, *computers*	47	(12)	*	**179,200**
Thomas C. Parise, sr. v.p., sales & mktg./pres., Inter-Tel Equipment	Inter-Tel, *telephone equipment*	67	1	100	**176,993**
Isaac Gold, sr. v.p., sales	Thorn Apple Valley, *meat products*	670	(5)	(350)	**173,882**
Walter B. Cook,*** dir. & exec. v.p./exec. v.p., mktg. & int'l sales	Quaker State Corp., *lubricants, fuels*	874	20	67	**172,845**
Mahlon L. Moore, v.p., sales & mktg.	Network Systems Corp., *data communications systems*	164	22	29	**172,360**
Richard Platt, exec. v.p., mktg. div.	First Federal of Michigan, *savings & loan*	10,676	9	(61)	**171,229**

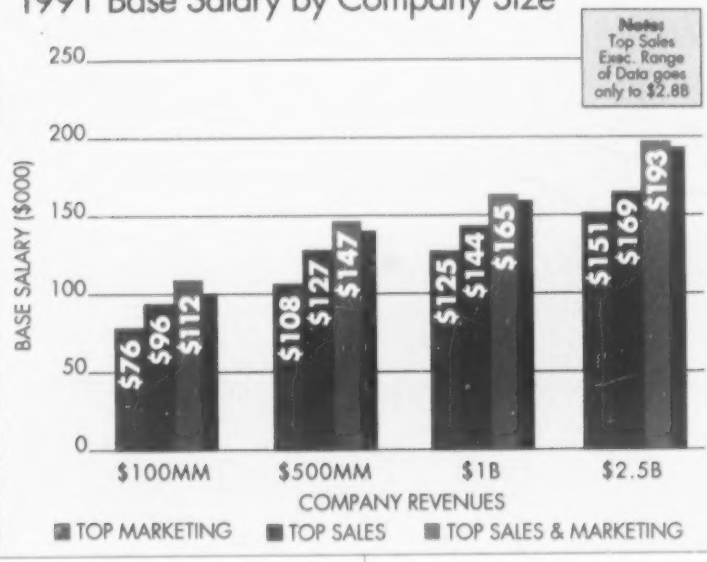
NAME & TITLE	COMPANY/INDUSTRY	1990 SALES (MIL.)	1990 NET (MIL.)	% CHANGE ('89-'90) PROFIT	COMPENSATION
Bernard B. Heiler, v.p., sales	GTE California, *telephone service*	$2,857	$444	11%	**$164,580**
Paul A. Thompson, v.p., sales	WD-40, *lubricants*	91	15	(6)	**162,500**
Keith M. Wright, v.p., mktg.	Bohemia, *construction materials*	350	17	21	**162,372**
O.M. Fundingsland, exec. v.p., sales & mktg.	Applied Magnetics Corp., *magnetic recording heads*	368	(10)	(1,100)	**162,000**
Maurice E. Jacques, v.p., sales & mktg./dir.	Varco International, *oil tools*	132	9	350	**162,000**
Richard C. Myers, v.p., sales & mktg.	Hutchinson Technology, *computer, electronic & defense equipment*	122	5	*	**160,196**
James E. Powers, exec. v.p., sales	Handleman Co., *phonographic records, tapes, books*	717	37	(11)	**159,034**
James F. Crowe, sr. v.p., mktg.	United Illuminating Co., *electricity*	594	54	*	**154,900**
James Mindala, v.p., sales	General Computer Corp., *electronic data for health care*	12	(2)	*	**153,387**
Charles Ostrander, v.p., mktg. & sales	R.G. Barry Corp., *slippers*	110	(7)	(275)	**147,500**
Brent N. Latta, v.p., mktg.	Tech/Ops Landauer, *radiation monitoring*	25	7	17	**146,250**
Stephen L. Capps, v.p., corp. mktg.	Intermetrics, *software services & products*	46	2	(33)	**142,833**
Bert R. Ott, v.p., sales	Gateway Communications, *communications, computer hardware & software*	25	0.5	(50)	**142,499**
Kevin J. O'Connor, v.p., sales & mktg.	Champion Parts, *automotive equipment*	122	1	*	**141,805**
John J. Jakubowski, v.p., sales	Empire of Carolina, *plastic toys, decorative items, buttons*	234	(3)	*	**132,237**
Douglas W. Root, v.p., mktg.	Sage Software, *software engineering products*	26	3	50	**131,707**
D.C. Stibich, sr. v.p., paper sales	Longview Fibre Co., *logs, paper products*	685	61	(9)	**129,323**
Gerald L. Cox, v.p., sales	CPT Corp., *value-added equipment*	26	(25)	*	**127,200**
Wilton L. Parr, sr. v.p., mktg.	Piedmont Natural Gas Co., *energy*	404	26	4	**126,295**
Al Burshtan, exec. v.p., mktg.	Super Food Services, *groceries*	1,777	17	8	**125,769**
Harold J. Daniels, v.p. sales, southern region	Sage Software, *software engineering products*	26	3	50	**124,943**
Thomas W. Harleman, v.p., N.A. sales	Printronix, *printers*	125	4	*	**124,487**
Clark Prestia, v.p., sales & mktg.	DH Technology, *printer products*	42	6	1	**123,103**
Willie P. Ozbirn, v.p., sales & mktg.	CTS Corp., *electronic components*	251	7	(50)	**122,954**
Donald R. Farthing, v.p., mktg.	Freymiller Trucking, *trucking*	85	2	*	**122,587**
John J. Bruno, v.p., sales & mktg.	Cagle's, *poultry products*	193	2	(67)	**122,261**
Jasper L. Holland, Jr., v.p. sales & mktg./regional mgr.	Hughes Supply, *electrical equipment*	530	6	(34)	**119,533**
Alvin L. Gauvin, sr. v.p., sales	Seneca Foods Corp., *juice products*	344	5	(13)	**119,275**
Dean A. Frenz, v.p., sales	L.B. Foster Co., *tubular & construction products*	242	3	132	**116,131**
John R. Mulvey, exec. v.p., mktg.	Carolina Freight Co., *trucking*	739	2	50	**114,689**
George Ellinger, v.p., sales	Kiddie Products, *infant accessories*	35	2	2	**113,224**
James McIndoe, v.p., int'l mktg.	Twin Disc, *industrial equipment*	163	3	(73)	**109,000**
John R. Alba, v.p., mktg.	Artistic Greetings, *stationery & gift items*	44	2	122	**108,885**
Wayne Whitman, v.p., mktg., engineering & customer svc.	CPT Corp., *value-added equipment*	26	(25)	*	**107,366**
Kenneth L. Martin, sr. v.p., sales & mktg.	Eagle Food Centers, *grocery stores*	1,125	(2)	(118)	**104,934**
Lance J. Melik, v.p., mktg.	Twin Disc, *industrial equipment*	163	3	(73)	**104,000**
George E. Rathke, v.p., contract mfr. div., mktg. & corp. planning	Washington Scientific Industries, *metal components*	74	0.06	(98)	**101,312**
Glenn B. Rogers, v.p./sr. v.p., gas supply & mktg.	United Cities Gas Co., *natural gas & propane*	220	3	(70)	**96,986**
Kenneth B. McClain, exec. v.p., mktg.	General Computer Corp., *electronic data for health care*	12	(2)	*	**91,533**
Ronald J. Niccum, v.p., sales & mktg.	Datakey, *memory devices*	8	3	50	**87,421**
David R. Tushie, v.p., commercial mktg.	Datakey, *memory devices*	8	3	50	**85,542**
William J. Carroll, v.p./dir. of mktg., Amvac Chemical Corp.	American Vanguard Corp., *welding products, agricultural chemicals*	22	0.9	(123)	**85,327**
Samuel L. Greene, v.p., sales	Terminal Data Corp., *computers & microfilm*	21	(3)	*	**83,015**
Richard Banks, v.p., sales	Jones Plumbing Systems, *wholesale plumbing products*	41	0.2	(90)	**74,562**
Karen M. Minardi, nat'l sales dir.	Keegan Management Co., *management services*	29	0.7	(65)	**72,347**

Researched by Melissa Campanelli and Kerry Rottenberger

*Loss shown in 1989

**No change; ***Retired

Table 4
1991 Base Salary by Company Size



an emerging factor in executive compensation formulas, though Blessington is dubious about its overall impact—at least at this point—noting that "service isn't a major variable in the pay formulas for the companies included in our study."

So while it's true that more companies are looking for ways to get closer to their customers—to engender more of a "customer focus" among salespeople in particular and among employees in general—that desire has yet to be translated into a strong link between customer service and compensation. "In large part, that's because the reliability of customer service/customer satisfaction measures isn't great enough to satisfy most company compensation planners—or most salespeople," says Blessington.

Which is not to say that customer satisfaction won't be important in the future. Obviously, a lot of the leadership for creating a customer focus will have to come from sales and marketing, but the connection to compensation will evolve more slowly. "It will be years before it's a significant factor," Blessington says.

TOMORROW AND TOMORROW

With the relatively paltry compensation gains posted by sales and marketing executives between 1990 and 1991, most people would assume that things could only get better next year, right? Well, don't go buy that vacation home just yet.

Blessington sees some promise in sales volume increases being posted by companies in the second half of 1991, but he won't go so far as to say that things will definitely get better. In fact, the best he'll offer is that things shouldn't get any worse: "We'll probably see compensation gains in the range of 6.3% to 7% again next year. I doubt that it will go lower."

For the next few years—or at least as long as the economy falls short of a robust recovery—Blessington sees a narrower range of total pay increases. Undoubtedly, companies will continue to tinker with the formula; base pay may see more significant growth, while pay at risk will probably remain pretty close to current ratios.

The downward pressure on compensation will also mean that total compensation for top marketing positions—because less of the total package is at risk—will gain on that of top sales positions. At the same time, however, there may be more of a tilt to individual performance factors not directly dependent upon things like sales volume, market value, and the like—even among sales executives—if there's an extended period of slow corporate and economic growth.

Overall, it looks like executive compensation will continue to experience slow to moderate growth, which means that executives won't be able to ride on the coattails of an inflated economy fueled by an epidemic of mergers and acquisitions. And it's worth noting that while merger and acquisition activity has slowed, the debt load from the last several seasons' worth of raiding and realigning remains—and that will also serve to keep compensation levels down.

In the final analysis, the bottom line is this: When it comes to realizing next year's round of compensation gains, top sales and marketing executives may have to do it the old-fashioned way—by earning it.

Table 5
1991 Total Compensation by Company Size